

EMMET COUNTY
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2021

EMMET COUNTY

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EMMET COUNTY

OFFICIALS

(Before January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jeff Quastad	Board of Supervisors	January 2023
John Pluth	Board of Supervisors	January 2023
Todd Glasnapp	Board of Supervisors	January 2021
Roger Hash	Board of Supervisors	January 2021
Tim Schumacher	Board of Supervisors	January 2021
Amy M. Sathoff	County Auditor	January 2021
Brenda Moore	County Treasurer	January 2023
Diann Minion	County Recorder	January 2023
Mike Martens	County Sheriff	January 2021
Melanie Summers Bauler	County Attorney	January 2023
Barb Bohm	County Assessor	January 2022

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jeff Quastad	Board of Supervisors	January 2023
John Pluth	Board of Supervisors	January 2023
Todd Glasnapp	Board of Supervisors	January 2024
Lisa Hansen	Board of Supervisors	January 2024
Tim Schumacher	Board of Supervisors	January 2024
Amy M. Sathoff	County Auditor	January 2024
Brenda Moore	County Treasurer	January 2023
Diann Minion	County Recorder	January 2023
Mike Martens	County Sheriff	January 2024
Melanie Summers Bauler	County Attorney	January 2023
Barb Bohm	County Assessor	January 2022



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INDEPENDENT AUDITORS' REPORT

To the Officials of Emmet County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Emmet County, Iowa, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Emmet County as of June 30, 2021, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions, and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios, and Notes on pages 37 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has not presented management's discussion and analysis, which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information, that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Emmet County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the ten years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021 on our consideration of Emmet County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Emmet County's internal control over financial reporting and compliance.

Winther, Stave & Co., LLP

December 30, 2021
Spencer, Iowa

EMMET COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and pooled investments	\$ 8,007,235
Receivables:	
Property tax:	
Succeeding year	5,234,456
Accounts	19,243
Accrued interest	926
Due from other governments	420,253
Inventories	435,072
Prepaid insurance	81,251
Capital assets - net of accumulated depreciation	<u>22,052,063</u>
TOTAL ASSETS	<u>36,250,499</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	<u>761,061</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>761,061</u>
TOTAL	<u>\$37,011,560</u>
LIABILITIES	
Accounts payable	\$ 161,024
Salaries and benefits payable	30,445
Long-term liabilities:	
Portion due or payable within one year:	
Loans and contracts payable	16,280
Compensated absences	342,406
Portion due or payable after one year:	
Loans and contracts payable	130,239
Drainage warrants	392,435
Net pension liability	2,560,287
Total OPEB liability	<u>223,255</u>
TOTAL LIABILITIES	<u>3,856,371</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable property tax revenue	5,234,456
Pension related deferred inflows	158,957
OPEB related deferred inflows	<u>92,370</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,485,783</u>
NET POSITION	
Net investment in capital assets	21,905,544
Restricted for:	
Supplemental levy purposes	399,255
Mental health purposes	20,256
Rural services	1,037,177
Secondary roads purposes	3,139,329
Other purposes	491,172
Unrestricted	<u>676,673</u>
TOTAL NET POSITION	<u>27,669,406</u>
TOTAL	<u>\$37,011,560</u>

See Notes to Financial Statements

EMMET COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
	<u>Expenses</u>				
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Public safety and legal services	\$1,825,133	\$ -	\$ -	\$ -	\$ (1,825,133)
Physical health and social services	810,552	-	-	-	(810,552)
Mental health	295,683	-	-	-	(295,683)
County environment and education	848,133	-	-	-	(848,133)
Roads and transportation	3,842,070	-	2,485,026	3,073,840	1,716,796
Governmental services to residents	542,922	-	-	-	(542,922)
Administration	1,221,398	384,099	-	-	(837,299)
Nonprogram	<u>31,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,522)</u>
TOTAL	<u>\$9,417,413</u>	<u>\$384,099</u>	<u>\$2,485,026</u>	<u>\$3,073,840</u>	<u>(3,474,448)</u>
GENERAL REVENUES:					
Property and other county tax levied for:					
General purposes					4,936,698
Local option sales tax					323,121
Interest and penalty on property tax					34,775
State tax credits					168,748
Grants and contributions not restricted to specific purposes					1,392,541
Unrestricted investment earnings					40,464
Miscellaneous					685,492
Loss on disposition of capital assets					<u>(898)</u>
TOTAL GENERAL REVENUES					<u>7,580,941</u>
Change in net position					4,106,493
Net position - beginning of year					<u>23,562,913</u>
NET POSITION - END OF YEAR					<u>\$27,669,406</u>

See Notes to Financial Statements

EMMET COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS

		Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Nonmajor	Total
Cash and pooled investments	\$2,241,830	\$ 44,455	\$1,028,360	\$3,175,534	\$868,147	\$ 7,358,326
Receivables:						
Property tax:						
Succeeding year	3,701,653	192,486	1,340,317	-	-	5,234,456
Accounts	19,243	-	-	-	-	19,243
Accrued interest	861	-	-	-	65	926
Due from other governments	71,522	2,689	15,387	315,260	15,395	420,253
Inventories	-	-	-	435,072	-	435,072
Prepaid insurance	41,648	-	-	39,603	-	81,251
TOTAL ASSETS	\$6,076,757	\$239,630	\$2,384,064	\$3,965,469	\$883,607	\$13,549,527

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

LIABILITIES:						
Accounts payable	\$ 63,060	\$ -	\$ 754	\$ 97,210	\$ -	\$ 161,024
Salaries and benefits payable	11,167	-	-	19,278	-	30,445
TOTAL LIABILITIES	74,227	-	754	116,488	-	191,469
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues:						
Succeeding year property tax	3,701,653	192,486	1,340,317	-	-	5,234,456
FUND BALANCES:						
Nonspendable:						
Inventories	-	-	-	435,072	-	435,072
Prepaid insurance	41,648	-	-	39,603	-	81,251
Restricted for:						
Supplemental levy purposes	357,607	-	-	-	-	357,607
Mental health purposes	-	47,144	-	-	-	47,144
Rural services purposes	-	-	1,042,993	-	-	1,042,993
Secondary roads purposes	-	-	-	3,374,306	-	3,374,306
Drainage districts	-	-	-	-	17,414	17,414
Conservation land acquisition capital improvements	-	-	-	-	40,493	40,493
Other purposes	-	-	-	-	825,700	825,700
Unassigned	1,901,622	-	-	-	-	1,901,622
TOTAL FUND BALANCES	2,300,877	47,144	1,042,993	3,848,981	883,607	8,123,602
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$6,076,757	\$239,630	\$2,384,064	\$3,965,469	\$883,607	\$13,549,527

EMMET COUNTY
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total governmental fund balances (page 7)	\$ 8,123,602
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$36,404,412 and the accumulated depreciation is \$14,352,349.	22,052,063
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The Internal Service Fund is used by management to charge the costs of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	648,909
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Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:

Deferred outflows of resources	\$ 761,061	
Deferred inflows of resources	<u>(251,327)</u>	509,734

Long-term liabilities, including capital lease purchase agreements, loans and contracts payable, compensated absences payable, net pension liability, and total OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(3,664,902)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES (page 5)	<u>\$27,669,406</u>
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EMMET COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

		Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Nonmajor	Total
REVENUES:						
Property and other county tax	\$3,410,413	\$259,853	\$1,266,432	\$ -	\$ -	\$ 4,936,698
Local option sales tax	-	-	161,562	-	161,559	323,121
Interest and penalty on property tax ..	34,775	-	-	-	-	34,775
Intergovernmental	1,070,612	36,012	64,695	2,865,271	9,725	4,046,315
Licenses and permits	1,950	-	2,400	9,600	-	13,950
Charges for service	381,604	-	-	-	2,495	384,099
Use of money and property	39,025	-	-	-	1,439	40,464
Miscellaneous	142,116	-	896	251,179	277,351	671,542
TOTAL REVENUES	<u>5,080,495</u>	<u>295,865</u>	<u>1,495,985</u>	<u>3,126,050</u>	<u>452,569</u>	<u>10,450,964</u>
EXPENDITURES:						
Operating:						
Public safety and legal services	1,963,388	-	228,542	-	-	2,191,930
Physical health and social services	804,473	-	-	-	-	804,473
Mental health	-	290,787	-	-	-	290,787
County environment and education	372,752	-	61,401	-	357,507	791,660
Roads and transportation	-	-	-	3,177,401	-	3,177,401
Governmental services to residents	529,367	-	121	-	6,117	535,605
Administration	1,045,383	-	67	3	116,487	1,161,940
Nonprogram	-	-	-	-	31,522	31,522
Capital projects	-	-	-	226,440	-	226,440
TOTAL EXPENDITURES	<u>4,715,363</u>	<u>290,787</u>	<u>290,131</u>	<u>3,403,844</u>	<u>511,633</u>	<u>9,211,758</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>365,132</u>	<u>5,078</u>	<u>1,205,854</u>	<u>(277,794)</u>	<u>(59,064)</u>	<u>1,239,206</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	1,101,141	51,684	1,152,825
Transfers out	(51,684)	-	(1,101,141)	-	-	(1,152,825)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(51,684)</u>	<u>-</u>	<u>(1,101,141)</u>	<u>1,101,141</u>	<u>51,684</u>	<u>-</u>
CHANGE IN FUND BALANCES	313,448	5,078	104,713	823,347	(7,380)	1,239,206
FUND BALANCES - BEGINNING OF YEAR	<u>1,987,429</u>	<u>42,066</u>	<u>938,280</u>	<u>3,025,634</u>	<u>890,987</u>	<u>6,884,396</u>
FUND BALANCES - END OF YEAR	<u>\$2,300,877</u>	<u>\$ 47,144</u>	<u>\$1,042,993</u>	<u>\$3,848,981</u>	<u>\$883,607</u>	<u>\$8,123,602</u>

EMMET COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds (page 9)	\$1,239,206
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense and loss on disposition of capital assets exceeded capital outlay expenditures in the current year as follows:

Expenditures for capital assets	\$1,022,155	
Capital assets contributed by the Iowa Department of Transportation	3,073,840	
Disposition of capital assets	(898)	
Depreciation expense	<u>(1,123,761)</u>	2,971,336

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. For the current year, debt issued and drainage warrants exceeded debt repayments as follows:

Drainage warrant adjustment	(10,082)	
Issued	-	
Repaid	<u>16,280</u>	6,198

The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.	359,314
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(48,111)	
OPEB expense	7,348	
Pension expense	<u>(454,252)</u>	(495,015)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.	<u>25,454</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 6)	<u>\$4,106,493</u>
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EMMET COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

Internal Service

Health Insurance

ASSETS

Cash and pooled investments	\$ 648,909
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NET POSITION - UNRESTRICTED	\$ 648,909
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EMMET COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021

Internal Service

Health Insurance

OPERATING REVENUES:

Reimbursements from operating funds	\$ 952,773
Reimbursements from employees and others	<u>300,513</u>
TOTAL OPERATING REVENUES	<u>1,253,286</u>

OPERATING EXPENSES:

Insurance premiums and fees	<u>1,227,832</u>
TOTAL OPERATING EXPENSES	<u>1,227,832</u>

NET INCOME	25,454
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NET POSITION - BEGINNING OF YEAR	<u>623,455</u>
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NET POSITION - END OF YEAR	<u>\$ 648,909</u>
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EMMET COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021

Internal Service

Health Insurance

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from operating fund reimbursements	\$ 952,773
Cash received from employees and others	300,513
Cash payments for premiums, fees, and other	<u>(1,227,832)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	25,454

CASH AT BEGINNING OF YEAR	<u>623,455</u>
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CASH AT END OF YEAR	<u>\$ 648,909</u>
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RECONCILIATIONS OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 25,454
Adjustments to reconcile operating income to net cash provided by operating activities:	
None	<u>-</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 25,454</u>
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EMMET COUNTY
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

ASSETS

Cash and pooled investments:	
County Treasurer	\$ 1,046,185
Other County officials	76,759
Accounts receivable	31,316
Interest receivable	199
Property tax receivable:	
Succeeding year	<u>13,589,390</u>
 TOTAL ASSETS	 <u>14,743,849</u>

LIABILITIES

Due to other governments	557,173
Trusts payable	<u>76,759</u>
 TOTAL LIABILITIES	 <u>633,932</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenues:	
Succeeding year property tax	<u>13,589,390</u>

NET POSITION	<u>\$ 520,527</u>
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EMMET COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

ADDITIONS:

Property and other County tax	\$12,618,944
911 surcharge	154,385
State tax credits	1,364,669
Office fees and collections	440,224
Auto licenses, use tax, and postage	3,741,948
Trust	576,465
Miscellaneous	<u>449,669</u>
TOTAL ADDITIONS	<u>19,346,304</u>

DEDUCTIONS:

Agency remittances:	
To other funds	309,108
To other governments	18,352,281
Trusts paid out	<u>554,254</u>
TOTAL DEDUCTIONS	<u>19,215,643</u>

CHANGES IN NET POSITION	130,661
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NET POSITION - BEGINNING OF YEAR	<u>389,866</u>
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NET POSITION - END OF YEAR	<u>\$ 520,527</u>
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EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Emmet County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Reporting Entity

For financial reporting purposes, Emmet County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Emmet County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

One hundred sixty-five drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Emmet County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Emmet County Auditor's office.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - Continued

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Emmet County Assessor's Conference Board, Emmet County Emergency Management Commission, Emmet County Joint 911 Service Board, and Emmet County Empowerment Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position that does not meet the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, a proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Continued

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, transfers from the General and the Special Revenue, Rural Services Funds, and other revenues to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

Fiduciary Funds - Custodial Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting - Continued

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When an expenditures is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are reimbursements from operating funds and employees. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investment in the Iowa Public Agency Investment Trust is valued at amortized cost. Non-negotiable certificates of deposits are stated at cost.

For purposes of the statement of cash flows, the County considers as cash all currency on hand and demand deposits and certificates of deposit with banks or other financial institutions.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity - Continued

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable representing unpaid taxes for the current and prior years are not considered material to the financial statements. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2019 assessed property valuations, is for the tax accrual period July 1, 2020 through June 30, 2021, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 2003 (e.g. roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources,
and Fund Equity - Continued**

Capital Assets - Continued

Infrastructure	\$ 65,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings and improvements	25 - 50
Infrastructure	10 - 60
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and contributions from the employer after the measurement date but before the end of the County's reporting period.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and the Special Revenue, Secondary Roads Funds.

County employees accumulate a limited amount of earned but unused sick leave. The employee does not receive any pay for unused sick leave upon termination of employment with the County. Since the amount of sick leave to be used is undeterminable, no liability has been accrued.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity - Continued

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. In the government fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services, and Secondary Roads Funds.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on Emmet County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources - Deferred inflows of resources represents an acquisition of net position that applies to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and OPEB and pension related net differences and changes.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity - Continued

Fund Balance - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws, or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

Net Position - The net position of the Internal Service, Health Insurance Fund is designated for anticipated future health insurance costs of the County.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management's Review

The County has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

2. CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$825,513 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The investment in IPAIT is unrated.

Interest Rate Risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Concentration of Credit Risk - The County places a five percent limit on the amount that may be invested in any one issuer of prime bankers acceptances, commercial paper, or other short-term corporate debt.

3. INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$1,101,141
Conservation Land Acquisition Trust	General	\$ 51,684

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 156,869	\$ -	\$ -	\$ 156,869
Total capital assets not being depreciated	<u>156,869</u>	<u>-</u>	<u>-</u>	<u>156,869</u>
Capital assets being depreciated:				
Buildings	3,128,266	254,350	-	3,382,616
Machinery and equipment	8,437,444	728,412	180,993	8,984,863
Infrastructure, road network	19,870,552	3,113,232	-	22,983,784
Other	896,280	-	-	896,280
Total capital assets being depreciated	<u>32,332,542</u>	<u>4,095,994</u>	<u>180,993</u>	<u>36,247,543</u>
Less accumulated depreciation for:				
Buildings	2,217,125	83,555	-	2,300,680
Machinery and equipment	6,698,729	487,499	180,095	7,006,133
Infrastructure, road network	3,752,711	535,678	-	4,288,389
Other	740,118	17,029	-	757,147
Total accumulated depreciation	<u>13,408,683</u>	<u>1,123,761</u>	<u>180,095</u>	<u>14,352,349</u>
Total capital assets being depreciated - net	<u>18,923,859</u>	<u>2,972,233</u>	<u>898</u>	<u>21,895,194</u>
Governmental activities capital assets - net	<u>\$19,080,728</u>	<u>\$2,972,233</u>	<u>\$ 898</u>	<u>\$22,052,063</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 142,820
Mental health	4,738
County environment and education	43,877
Roads and transportation	864,937
Administration	<u>67,389</u>
Total depreciation expense - governmental activities	<u>\$1,123,761</u>

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

5. DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency:		
Agricultural Extension Education	Collections	\$ 1,961
Schools	Collections	91,318
Community Colleges	Collections	7,004
Corporations	Collections	38,945
Townships and Fire Districts	Collections	2,546
Auto License and Use Tax	Collections	353,265
All others	Collections	<u>62,134</u>
TOTAL FOR AGENCY FUNDS		<u>\$ 557,173</u>

6. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	<u>Loans and Contracts Payable</u>	<u>Drainage Warrants</u>	<u>Net Compensated Absences</u>	<u>Net Pension Liability</u>	<u>Total OPEB Liability</u>	<u>Total</u>
Balance - beginning of year	\$162,799	\$382,353	\$294,295	\$1,973,628	\$216,777	\$3,029,852
Increases	-	10,082	48,111	586,659	6,478	651,330
Decreases	<u>(16,280)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,280)</u>
Balance - end of year	<u>\$146,519</u>	<u>\$392,435</u>	<u>\$342,406</u>	<u>\$2,560,287</u>	<u>\$223,255</u>	<u>\$3,664,902</u>
Due within one year	<u>\$ 16,280</u>	<u>\$ -</u>	<u>\$342,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 358,686</u>

Loans and Contracts Payable

The County has a non-interest bearing contract for \$325,599 for the purchase of gravel and mineral rights. Required annual payments are \$16,280 per year through August 2029. The outstanding contract balance at June 30, 2021 was \$146,519.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

6. LONG-TERM LIABILITIES - Continued

Loans and Contracts Payable - Continued

Maturities required as of June 30, 2021 are as follows:

2022	\$ 16,280
2023	16,280
2024	16,280
2025	16,280
2026	16,280
2027 - 2029	<u>65,119</u>
Total	<u>\$146,519</u>

Drainage Warrants Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available. Drainage warrants are paid from the Special Revenue, Drainage District Fund solely from special assessments against benefited properties.

7. PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, IA 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general information purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

7. PENSION PLAN - Continued

Pension Benefits - Continued

Sheriffs, deputies, and protection occupation members may retire at normal retirement age, which is generally age 55. Sheriffs, deputies, and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's, or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The sheriff, deputies, and the County each contributed 9.26% of covered payroll, for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% of covered payroll, for a total rate of 16.02%.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

7. PENSION PLAN - Continued

Contributions - Continued - The County's total contributions to IPERS for the year ended June 30, 2021 totaled \$359,314.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the County reported a liability of \$2,560,287 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the County's collective proportion was .0364467% which was an increase of .002364% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$454,252. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,757	\$ 66,344
Changes of assumptions	168,216	49,729
Net difference between projected and actual earnings on IPERS' investments	202,667	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	20,107	42,884
County contributions subsequent to the measurement date ..	<u>359,314</u>	<u>-</u>
TOTAL	<u>\$761,061</u>	<u>\$158,957</u>

\$359,314 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2022	\$ 16,423
2023	47,615
2024	62,415
2025	115,939
2026	<u>398</u>
	<u>\$242,790</u>

There were no non-employer contributing entities at IPERS.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

7. PENSION PLAN - Continued

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	<u>3.0</u>	3.11
Total	<u>100.0%</u>	

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

7. PENSION PLAN - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
County's proportionate share of the net pension liability	\$4,835,484	\$2,560,287	\$653,004

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2021.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits

Individuals who are employed by Emmet County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>73</u>
Total	<u>74</u>

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Total OPEB Liability

The County's total OPEB liability of \$223,255 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2021)	2.60% per annum.
Rates of salary increase (effective June 30, 2021)	Assumptions based on IPERS assumptions used in the year ending June 30, 2019.
Discount rate (effective June 30, 2021)	2.66% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	7.00% rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA-2010 General Total Dataset Headcount Mortality Table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability - beginning of year	<u>\$216,777</u>
Changes for the year:	
Service cost	25,172
Interest	8,079
Differences between expected and actual experiences ..	(13,948)
Changes in assumptions	10,960
Benefit payments	<u>(23,785)</u>
Net changes	<u>6,478</u>
Total OPEB liability - end of year	<u>\$223,255</u>

Changes of assumptions reflect a change in the discount rate from 3.51% in fiscal year 2020 to 2.66% in fiscal year 2021.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.66%) or 1% higher (3.66%) than the current discount rate.

	1% Decrease <u>(1.66%)</u>	Discount Rate <u>(2.66%)</u>	1% Increase <u>(3.66%)</u>
Total OPEB liability	\$236,550	\$223,255	\$210,401

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease <u>(6.00%)</u>	Healthcare Cost Trend Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Total OPEB liability	\$195,656	\$223,255	\$256,485

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the County recognized OPEB expense (benefit) of \$(7,348). At June 30, 2021, the County reported deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,782
Changes in assumptions	<u>(102,152)</u>
Total	<u>\$ (92,370)</u>

The amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ (16,814)
2023	(16,818)
2024	(19,931)
2025	(19,930)
2026	(18,133)
Thereafter	<u>(744)</u>
TOTAL	<u>\$ (92,370)</u>

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

9. OPERATING LEASES

The County has entered into a noncancelable agreement to lease office space. The lease required monthly lease payments of \$1,742 and expired in September 2020, when a month-to-month lease was implemented. The County has also entered into operating lease agreements for office equipment. The leases require monthly lease payments ranging from \$62 to \$768 and expire from March 2022 to August 2026.

The following is a schedule of the future minimum lease payments under these agreements at June 30, 2021:

<u>June 30,</u>	<u>Amount</u>
2022	\$ 35,001
2023	27,640
2024	26,976
2025	26,976
2026	26,208
Thereafter	<u>3,984</u>
TOTAL	<u>\$146,785</u>

Total rent expense for the year ended June 30, 2021 was \$33,087.

10. RISK MANAGEMENT

Emmet County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the County were not reduced under agreements entered into by other entities.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

12. COMMITMENTS

The County has entered into contracts totaling approximately \$6,170,000 for road resurfacing. As of June 30, 2021, \$4,816,000 of the costs have been incurred. The balance remaining on the contract of approximately \$1,354,000 will be paid as work on the projects progresses.

The County has entered into a five-year contract for ambulance service at a cost ranging from \$28,500 to \$30,500 per year. The County will reimburse the City of Estherville for 1/3 of the contract amount. The contract ends with the June 30, 2024 fiscal year.

13. EMMET COUNTY FINANCIAL INFORMATION INCLUDED IN COUNTY SOCIAL SERVICES

County Social Services, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth, Wright, and Emmet County. The financial activity of Emmet County's Special Revenue, Mental Health Fund is included in County Social Services for the year ended June 30, 2021 as follows:

Revenues:	
Property and other county tax	\$259,853
Intergovernmental revenues	<u>36,012</u>
Total Revenues	<u>295,865</u>
Expenditures:	
General administration:	
Direct administration	13,197
Distribution to regional fiscal agent	<u>277,590</u>
Total Expenditures	<u>290,787</u>
Excess of revenues over expenditures	5,078
Fund balance - beginning of the year	<u>42,066</u>
FUND BALANCE - END OF YEAR	<u>\$ 47,144</u>

14. LITIGATION

The County is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. County officials believe the outcome of these matters will not have a material adverse effect on the County's financial statements.

EMMET COUNTY
NOTES TO FINANCIAL STATEMENTS - Continued

15. PROSPECTIVE ACCOUNTING CHANGE

Governmental Accounting Standards Board has issued Statement No. 87, *Leases*. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not current reported.

REQUIRED SUPPLEMENTARY INFORMATION

EMMET COUNTY
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

	<u>Actual</u>	Less Funds not Required to be <u>Budgeted</u>
RECEIPTS:		
Property and other county tax	\$ 5,288,460	\$ -
Interest and penalty on property tax	34,775	-
Intergovernmental	4,067,751	-
Licenses and permits	13,805	-
Charges for service	382,269	-
Use of money and property	40,804	-
Miscellaneous	<u>662,728</u>	<u>262,207</u>
TOTAL RECEIPTS	<u>10,490,592</u>	<u>262,207</u>
DISBURSEMENTS:		
Public safety and legal services	2,176,325	-
Physical health and social services	795,833	-
Mental health	290,852	-
County environment and education	791,824	282,507
Roads and transportation	3,140,675	-
Governmental services to residents	533,228	-
Administration	1,180,496	-
Capital projects	<u>351,199</u>	<u>-</u>
TOTAL DISBURSEMENTS	<u>9,260,432</u>	<u>282,507</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	1,230,160	(20,300)
BALANCE - BEGINNING OF YEAR	<u>6,128,166</u>	<u>37,714</u>
BALANCE - END OF YEAR	<u>\$ 7,358,326</u>	<u>\$ 17,414</u>

Net	Budgeted Amounts		Final to Net Variance - Positive (Negative)
	Original	Final	
\$ 5,288,460	\$ 5,302,479	\$ 5,302,479	\$ (14,019)
34,775	8,000	8,000	26,775
4,067,751	3,255,561	3,255,561	812,190
13,805	10,500	10,500	3,305
382,269	346,811	346,811	35,458
40,804	101,180	101,180	(60,376)
400,521	250,609	480,619	(80,098)
<u>10,228,385</u>	<u>9,275,140</u>	<u>9,505,150</u>	<u>723,235</u>
2,176,325	2,263,825	2,269,825	93,500
795,833	806,022	876,532	80,699
290,852	303,520	303,520	12,668
509,317	601,072	601,072	91,755
3,140,675	3,781,070	3,859,800	719,125
533,228	598,475	633,475	100,247
1,180,496	1,477,886	1,516,057	335,561
351,199	26,000	415,251	64,052
<u>8,977,925</u>	<u>9,857,870</u>	<u>10,475,532</u>	<u>1,497,607</u>
1,250,460	(582,730)	(970,382)	<u>\$2,220,842</u>
<u>6,090,452</u>	<u>5,044,165</u>	<u>5,044,165</u>	
<u>\$ 7,340,912</u>	<u>\$ 4,461,435</u>	<u>\$ 4,073,783</u>	

EMMET COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

	<u>Governmental Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$10,490,592	\$ (39,628)	\$10,450,964
Expenditures	<u>9,260,432</u>	<u>(48,674)</u>	<u>9,211,758</u>
Net	1,230,160	9,046	1,239,206
Beginning fund balances	<u>6,128,166</u>	<u>756,230</u>	<u>6,884,396</u>
ENDING FUND BALANCE	<u>\$ 7,358,326</u>	<u>\$ 765,276</u>	<u>\$ 8,123,602</u>

EMMET COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
JUNE 30, 2021

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, and Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, budget amendments increased budgeted disbursements by \$617,662. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

EMMET COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST SEVEN YEARS*
(In Thousands)

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability0364467%	.0340830%	.0361455%
City's proportionate share of the net pension liability	\$2,560	\$1,974	\$2,287
City's covered-employee payroll	\$3,695	\$3,609	\$3,576
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	69.28%	54.70%	63.95%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	85.45%	83.62%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
.0383704%	.0391501%	.0375048%	.0366379%
\$2,556	\$2,287	\$1,853	\$1,453
\$3,516	\$3,576	\$3,214	\$3,196
72.70%	63.95%	57.65%	45.46%
82.21%	83.62%	85.19%	87.61%

EMMET COUNTY

SCHEDULE OF COUNTY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(In Thousands)

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contributions	\$ 359	\$ 351	\$ 345	\$ 325	\$ 320
Contributions in relation to the statutorily required contribution	<u>(359)</u>	<u>(351)</u>	<u>(345)</u>	<u>(325)</u>	<u>(320)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll ...	\$3,809	\$3,695	\$3,609	\$3,576	\$3,516
Contributions as a percentage of covered-employee payroll	9.43%	9.50%	9.56%	9.09%	9.10%

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 312	\$ 306	\$ 302	\$ 285	\$ 260
<u>(312)</u>	<u>(306)</u>	<u>(302)</u>	<u>(285)</u>	<u>(260)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$3,412	\$3,214	\$3,196	\$3,076	\$2,975
9.14%	9.52%	9.45%	9.27%	8.74%

EMMET COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2021

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

EMMET COUNTY
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY,
RELATED RATIOS AND NOTES

For the Last Four Years
Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 25,172	\$ 39,862	\$ 40,559	\$ 32,341
Interest cost	8,079	13,208	11,771	8,477
Difference between expected and actual experiences	(13,948)	26,815	(6,259)	19,234
Changes in assumptions	10,960	(151,116)	(6,340)	(536)
Benefit payments	<u>(23,785)</u>	<u>(26,574)</u>	<u>(26,568)</u>	<u>(31,889)</u>
Net change in total OPEB liability	6,478	(97,805)	13,163	27,627
Total OPEB liability - beginning of year	<u>216,777</u>	<u>314,582</u>	<u>301,419</u>	<u>273,792</u>
Total OPEB liability - end of year	<u>\$ 223,255</u>	<u>\$ 216,777</u>	<u>\$ 314,582</u>	<u>\$ 301,419</u>
Covered-employee payroll	\$3,791,680	\$3,743,845	\$3,281,780	\$3,178,479
Total OPEB liability as a percentage of covered-employee payroll	5.9%	5.8%	9.6%	9.5%

Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2021	2.66%
Year ended June 30, 2020	3.51%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	2.92%

SUPPLEMENTARY INFORMATION

EMMET COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS

	<u>Special Revenue</u>		
	<u>Resource Enhancement and Protection</u>	<u>Recorder's Records Management</u>	<u>Revolving Loan</u>
Cash and pooled investments (deficit)	\$ 54,668	\$ 3,237	\$ 37,311
Receivables:			
Accrued interest	39	-	-
Due from other governments	<u>-</u>	<u>532</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 54,707</u>	 <u>\$ 3,769</u>	 <u>\$ 37,311</u>

LIABILITIES AND FUND BALANCES

LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES:			
Restricted	<u>54,707</u>	<u>3,769</u>	<u>37,311</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 54,707</u>	 <u>\$ 3,769</u>	 <u>\$ 37,311</u>

Schedule 1

		<u>Capital Projects</u>	
		<u>Conservation</u>	
<u>Local</u>	<u>Drainage</u>	<u>Land</u>	
<u>Option</u>	<u>Districts</u>	<u>Acquisition</u>	<u>Total</u>
<u>Sales Tax</u>		<u>Trust</u>	
\$715,050	\$ 17,414	\$ 40,467	\$868,147
-	-	26	65
<u>14,863</u>	<u>-</u>	<u>-</u>	<u>15,395</u>
<u>\$729,913</u>	<u>\$ 17,414</u>	<u>\$ 40,493</u>	<u>\$883,607</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>729,913</u>	<u>17,414</u>	<u>40,493</u>	<u>883,607</u>
<u>\$729,913</u>	<u>\$ 17,414</u>	<u>\$ 40,493</u>	<u>\$883,607</u>

EMMET COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Special Revenue</u>		
	<u>Resource Enhancement and Protection</u>	<u>Recorder's Records Management</u>	<u>Revolving Loan</u>
REVENUES:			
Local option sales tax	\$ -	\$ -	\$ -
Intergovernmental	9,725	-	-
Charges for service	-	2,495	-
Use of money and property	659	108	-
Miscellaneous	-	-	10,583
TOTAL REVENUES	<u>10,384</u>	<u>2,603</u>	<u>10,583</u>
EXPENDITURES:			
Operating:			
County environment and education	-	-	75,000
Governmental services to residents	-	6,117	-
Administration	-	-	-
Nonprogram	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>6,117</u>	<u>75,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,384</u>	<u>(3,514)</u>	<u>(64,417)</u>
OTHER FINANCING SOURCES:			
Operating transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	10,384	(3,514)	(64,417)
FUND BALANCES - BEGINNING OF YEAR	<u>44,323</u>	<u>7,283</u>	<u>101,728</u>
FUND BALANCES - END OF YEAR	<u>\$ 54,707</u>	<u>\$ 3,769</u>	<u>\$ 37,311</u>

Schedule 2

		<u>Capital Projects</u>	
		Conservation	
<u>Local</u>	<u>Drainage</u>	<u>Land</u>	
<u>Option</u>	<u>Districts</u>	<u>Acquisition</u>	<u>Total</u>
<u>Sales Tax</u>		<u>Trust</u>	
\$161,559	\$ -	\$ -	\$161,559
-	-	-	9,725
-	-	-	2,495
-	-	672	1,439
-	<u>262,207</u>	<u>4,561</u>	<u>277,351</u>
<u>161,559</u>	<u>262,207</u>	<u>5,233</u>	<u>452,569</u>
-	282,507	-	357,507
-	-	-	6,117
116,487	-	-	116,487
-	-	<u>31,522</u>	<u>31,522</u>
<u>116,487</u>	<u>282,507</u>	<u>31,522</u>	<u>511,633</u>
<u>45,072</u>	<u>(20,300)</u>	<u>(26,289)</u>	<u>(59,064)</u>
-	-	<u>51,684</u>	<u>51,684</u>
-	-	<u>51,684</u>	<u>51,684</u>
45,072	(20,300)	25,395	(7,380)
<u>684,841</u>	<u>37,714</u>	<u>15,098</u>	<u>890,987</u>
<u>\$729,913</u>	<u>\$ 17,414</u>	<u>\$ 40,493</u>	<u>\$883,607</u>

EMMET COUNTY
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
ASSETS			
Cash and pooled investments:			
County Treasurer	\$ -	\$ 1,961	\$106,978
Other County officials	76,759	-	-
Accounts receivable	-	-	-
Interest receivable	-	-	-
Property tax receivable:			
Succeeding year	<u>-</u>	<u>191,542</u>	<u>301,591</u>
 TOTAL ASSETS	 <u>\$ 76,759</u>	 <u>\$193,503</u>	 <u>\$408,569</u>
 LIABILITIES			
Due to other governments	\$ -	\$ 1,961	\$ -
Trusts payable	<u>76,759</u>	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES	 76,759	 1,961	 -
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues:			
Succeeding year property tax	<u>-</u>	<u>191,542</u>	<u>301,591</u>
 NET POSITION			
Restricted for individuals, organizations, and other governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$106,978</u>

Custodial Funds					
<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships and Fire Districts</u>	<u>Auto License and Use Tax</u>	<u>911 Surcharge</u>
\$ 91,318	\$ 7,004	\$ 38,945	\$ 2,546	\$353,265	\$302,888
-	-	-	-	-	-
-	-	-	-	-	199
-	-	-	-	-	31,316
<u>8,612,547</u>	<u>671,137</u>	<u>3,562,988</u>	<u>247,959</u>	<u>-</u>	<u>-</u>
<u>\$8,703,865</u>	<u>\$678,141</u>	<u>\$3,601,933</u>	<u>\$250,505</u>	<u>\$353,265</u>	<u>\$334,403</u>
\$ 91,318	\$ 7,004	\$ 38,945	\$ 2,546	\$353,265	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
91,318	7,004	38,945	2,546	353,265	-
<u>8,612,547</u>	<u>671,137</u>	<u>3,562,988</u>	<u>247,959</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$334,403</u>

EMMET COUNTY
COMBINING SCHEDULE OF FIDUCIARY NET POSITION - Continued
CUSTODIAL FUNDS
JUNE 30, 2021

Schedule 3

	Custodial Funds		
	BETS Regional Fiscal Agent	Other	Total
ASSETS			
Cash and pooled investments:			
County Treasurer	\$ -	\$141,280	\$ 1,046,185
Other County officials	-	-	76,759
Accounts receivable	-	-	199
Interest receivable	-	-	31,316
Property tax receivable:			
Succeeding year	-	1,626	13,589,390
TOTAL ASSETS	\$ -	\$142,906	\$14,743,849
LIABILITIES			
Due to other governments	\$ -	\$ 62,134	557,173
Trusts payable	-	-	76,759
TOTAL LIABILITIES	-	62,134	633,932
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues:			
Succeeding year property tax	-	1,626	13,589,390
NET POSITION			
Restricted for individuals, organizations, and other governments	\$ -	\$ 79,146	\$ 520,527

EMMET COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
ADDITIONS:			
Property and other county tax	\$ -	\$176,109	\$291,170
911 surcharge	-	-	-
State tax credits	-	15,393	23,808
Office fees and collections	408,970	-	968
Auto licenses, use tax, and postage	-	-	-
Trusts	576,465	-	-
Miscellaneous	-	-	10
TOTAL ADDITIONS	<u>985,435</u>	<u>191,502</u>	<u>315,956</u>
DEDUCTIONS:			
Agency Remittances:			
To other funds	179,897	-	-
To other governments	251,284	191,502	315,345
Trusts paid out	<u>554,254</u>	-	-
TOTAL DEDUCTIONS	<u>985,435</u>	<u>191,502</u>	<u>315,345</u>
CHANGES IN NET POSITION	-	-	611
NET POSITION - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>106,367</u>
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$106,978</u>

<u>Custodial Funds</u>					
<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships and Fire Districts</u>	<u>Auto License and Use Tax</u>	<u>911 Surcharge</u>
\$7,986,867	\$627,261	\$3,187,979	\$242,741	\$ -	\$ -
-	-	-	-	-	154,385
742,522	55,011	513,153	14,645	-	-
-	-	-	-	-	-
-	-	-	-	3,741,948	-
-	-	-	-	-	-
-	-	-	-	-	103,538
<u>8,729,389</u>	<u>682,272</u>	<u>3,701,132</u>	<u>257,386</u>	<u>3,741,948</u>	<u>257,923</u>
-	-	-	-	129,211	-
8,729,389	682,272	3,701,132	257,386	3,612,737	136,509
-	-	-	-	-	-
<u>8,729,389</u>	<u>682,272</u>	<u>3,701,132</u>	<u>257,386</u>	<u>3,741,948</u>	<u>136,509</u>
-	-	-	-	-	121,414
-	-	-	-	-	212,989
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$334,403</u>

EMMET COUNTY
COMBINING SCHEDULE OF CHANGES IN NET POSITION - Continued
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2021

Schedule 4

	<u>Custodial Funds</u>		
	BETS-Regional		
	<u>Fiscal Agent</u>	<u>Other</u>	<u>Total</u>
ADDITIONS:			
Property and other County tax	\$ -	\$106,817	\$12,618,944
911 surcharge	-	-	154,385
State tax credits	-	137	1,364,669
Office fees and collections	-	30,286	440,224
Auto licenses, use tax, and postage	-	-	3,741,948
Trusts	-	-	576,465
Miscellaneous	<u>212,881</u>	<u>133,240</u>	<u>449,669</u>
TOTAL ADDITIONS	<u>212,881</u>	<u>270,480</u>	<u>19,346,304</u>
DEDUCTIONS:			
Agency Remittances:			
To other funds	-	-	309,108
To other governments	212,881	261,844	18,352,281
Trusts paid out	<u>-</u>	<u>-</u>	<u>554,254</u>
TOTAL DEDUCTIONS	<u>212,881</u>	<u>261,844</u>	<u>19,215,643</u>
CHANGE IN NET POSITION	-	8,636	130,661
NET POSITION - BEGINNING OF YEAR	<u>-</u>	<u>70,510</u>	<u>389,866</u>
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 79,146</u>	<u>\$ 520,527</u>

EMMET COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES:				
Property and other County tax	\$ 5,259,819	\$ 5,101,780	\$5,059,198	\$4,892,865
Interest and penalty on property tax	34,775	11,822	20,977	20,828
Intergovernmental	4,046,315	3,660,937	3,461,221	3,468,662
Licenses and permits	13,950	13,965	11,395	13,865
Charges for service	384,099	346,579	356,556	342,862
Use of money and property	40,464	142,764	185,092	81,310
Miscellaneous	<u>671,542</u>	<u>593,199</u>	<u>678,797</u>	<u>503,736</u>
TOTAL	<u>\$10,450,964</u>	<u>\$ 9,871,046</u>	<u>\$9,773,236</u>	<u>\$9,324,128</u>
EXPENDITURES:				
Operating:				
Public safety and legal services ...	\$ 2,191,930	\$ 2,189,209	\$2,108,824	\$1,929,079
Physical health and social services	804,473	686,326	718,012	747,026
Mental health	290,787	347,493	375,175	553,509
County environment and education	791,660	662,377	822,338	794,460
Roads and transportation	3,177,401	3,456,636	3,375,086	2,981,096
Governmental services				
to residents	535,605	499,073	474,554	468,804
Administration	1,161,940	1,284,872	1,151,271	1,456,271
Non-program	31,522	13,642	8,761	
Capital projects	<u>226,440</u>	<u>1,415,396</u>	<u>783,004</u>	<u>235,813</u>
TOTAL	<u>\$ 9,211,758</u>	<u>\$10,555,024</u>	<u>\$9,817,025</u>	<u>\$9,166,058</u>

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$4,752,855	\$4,583,492	\$4,689,906	\$4,600,701	\$4,529,673	\$4,423,683
21,969	20,317	18,565	24,612	25,395	25,613
3,503,039	3,220,225	3,119,829	2,846,172	2,868,321	3,550,771
15,123	13,495	10,270	11,527	8,565	10,075
337,327	341,726	291,704	321,526	339,073	315,265
35,815	24,251	21,838	20,806	21,703	23,248
<u>496,904</u>	<u>684,627</u>	<u>483,928</u>	<u>444,737</u>	<u>462,191</u>	<u>526,638</u>
<u>\$9,163,032</u>	<u>\$8,888,133</u>	<u>\$8,636,040</u>	<u>\$8,270,081</u>	<u>\$8,254,921</u>	<u>\$8,875,293</u>
\$1,850,934	\$1,753,919	\$1,693,564	\$1,651,929	\$1,641,590	\$1,521,709
782,553	777,386	651,530	644,970	626,265	613,856
614,753	430,050	957,249	634,874	900,016	1,762,215
583,009	675,876	641,234	619,599	561,407	675,901
2,592,972	2,929,786	2,567,934	2,793,760	2,958,427	2,630,293
443,402	442,045	419,891	425,024	400,808	385,298
1,122,901	1,000,593	948,487	907,650	885,174	895,348
7,601	10,000				
<u>242,970</u>	<u>20,296</u>	<u>12,360</u>	<u>294,786</u>	<u>34,476</u>	<u>22,557</u>
<u>\$8,241,095</u>	<u>\$8,039,951</u>	<u>\$7,892,249</u>	<u>\$7,972,592</u>	<u>\$8,008,163</u>	<u>\$8,507,177</u>



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Officials of Emmet County:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Emmet County, Iowa, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Emmet County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Emmet County's internal control. Accordingly, we do not express an opinion on the effectiveness of Emmet County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control we consider to be a material weakness and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-21 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-21 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Emmet County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Emmet County's Responses to Findings

The County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Emmet County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Winters, Stave & Co. LLA

December 30, 2021
Spencer, Iowa

EMMET COUNTY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Part I: Findings Related to the Financial Statements

Internal Control Deficiencies:

I-A-21 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody, and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition - We noted instances where one employee is capable of performing incompatible duties.

Cause - County offices have limited number of employees and certain procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors, or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - County offices should review operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response - While the size of our staff has a limiting effect on our ability to have complete segregation of duties, we will strive to segregate duties where possible and review areas where complete segregation is not feasible.

Conclusion - Response accepted.

EMMET COUNTY
SCHEDULE OF FINDINGS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

Part I: Findings Related to the Financial Statements - Continued

I-B-21 Sheriff's Office Accounts

Criteria - The Board of Supervisors is responsible for the oversight of all funds of the County.

Condition - We noted the Sheriff's office maintains separate financial institution accounts for drug investigations, DARE, canine, and posse. The activity in these accounts is not reported to or approved by the Board of Supervisors.

Cause - These accounts are maintained and controlled by the Sheriff but have minimal activity.

Effect - Inadequate Board oversight could allow these funds to be misappropriated and the County's ability to prevent or detect and correct misstatements or errors on a timely basis could be affected.

Recommendation - We recommend these four accounts be closed and remitted to the County Treasurer to maintain on behalf of the Sheriff's Office.

Response - The County Sheriff has begun the process of closing these accounts and remitting the funds to the County Treasurer.

Conclusion - Response accepted.

Instances of Non-compliance:

No matters were noted.

EMMET COUNTY
SCHEDULE OF FINDINGS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

Part II: Other Findings Related to Required Statutory Reporting

- II-A-21 Certified Budget - Disbursements during the year ended June 30, 2021 did not exceed amounts budgeted.
- II-B-21 Questionable Expenditures - No expenditures that we believe may not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-21 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- II-D-21 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Marcia Huntsinger, mother of employee Heidi Goebel	Election worker	\$ 302
Ann Goebel, step-mother-in-law of employee Heidi Goebel	Election worker	\$ 185
Carol Pluth, mother of supervisor John Pluth	Election worker	\$ 199
Rob Goebel, spouse of employee Heidi Goebel	Rent Election worker	\$5,226 \$ 25

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions do not appear to represent a conflict of interest since total transactions with each individual were less than \$6,000 during the fiscal year.

- II-E-21 Restricted Donor Activity - No transactions were noted between the County, County officials, County employees, and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- II-F-21 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- II-G-21 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- II-H-21 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

EMMET COUNTY
SCHEDULE OF FINDINGS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

Part II: Other Findings Related to Required Statutory Reporting - Continued

- II-I-21 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- II-J-21 Tax Increment Financing (TIF) - For the year ended June 30, 2021, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.
- II-K-21 Donations to Private Non-profit Corporations - During the year ended June 30, 2021, the County donated to various non-profit organizations.

The Iowa Office of Auditor of State has described factors to be considered regarding such payments:

- The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private non-profit corporation. Article III, Section 31 states, in part, that "No public money or property shall be appropriated for local or private purposes."
- At least six official Iowa Attorney General Opinions since 1972 have consistently concluded that "a governmental body may not donate public funds to a private entity, even if the entity is established for charitable or educational purposes and performs work which the government could perform directly." The Opinions further state, "Even if the function of a private non-profit corporation fits within the scope of activities generally recognized as serving a public purpose a critical question exists regarding whether funds or property transferred to a private entity will indeed be used for those public purposes."

Recommendation - The County may not have statutory authority to donate public funds to private non-profit organizations. However, public funds may be provided to a non-profit entity when the payment is for certain economic development purposes or when the County enters into a contract for services with the non-profit entity. The County should discontinue making future such donations or develop applicable documentation to support the compliance of such donations with applicable statutes.

Response - The County's administrative staff and Board of Supervisors will discuss the necessary documentation detailing the public purpose of the disbursements to all entities.

Conclusion - Response accepted.